

U.S. FILE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 29, 1989

LEGISLATIVE REFERRAL MEMORANDUM

TESTIMONY

*Completed by
phone call 10/2/89*

"No objections"

OCA 3362-89

TO: Legislative Liaison Officer:

Department of the Treasury - Carole Toth (566-8523)
Office of National Drug Control Policy - Frank Kalder
(673-2615)
Central Intelligence Agency - [redacted] (482-[redacted])
National Security Council - G. Philip Hughes (456-2224)
National Security Agency - [redacted] (688-7246)

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SUBJECT: Department of Justice draft testimony on the DEA's drug
program.

The Office of Management and Budget requests the views of your
agency on the above subject before advising on its relationship
to the program of the President, in accordance with OMB Circular
A-19.

A response to this request for your views is needed no later than
10:00 a.m. Monday, October 2, 1989.

Questions should be referred to Branden Blum (395-3454), the
legislative attorney in this office.

James J. Jukes
James J. Jukes for
Assistant Director for
Legislative Reference

Enclosures

cc: R. Bacherman
J. Cunningham

J. Duke

B. Hannon

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Statement
of
JOHN C. LAWN
Administrator
Drug Enforcement Administration
before
the
Committee on the Judiciary
United States Senate
concerning
DEA's Role in Drug Supply Reduction Efforts
on
October 3, 1989

Chairman Biden and Members of the Senate Judiciary Committee:
I am pleased to be here today to discuss DEA's role in reducing
the supply of illicit drugs in this country.

As you are aware, the National Drug Control Strategy
emphasizes enforcement, international aid, interdiction,
education and prevention, and treatment in combatting drug abuse
and drug trafficking. The goal of the plan is to cut drug use by
50 percent over the next ten years.

DEA's mission and objectives are consistent with the national
strategy. In the initial development of the plan, we
participated in a national security review of the drug situation,
providing input in the areas of intelligence, international
operations, interdiction, and law enforcement. We also reviewed
and provided input regarding the national strategy, as well as
documents involving U.S. drug control policy and strategies, and
more specifically, the Andean Strategy that targets the countries
of Bolivia, Colombia, and Peru.

The National Drug Control Strategy does not explicitly
address the roles of specific agencies, including the Drug
Enforcement Administration. However, under this strategy, each
agency is required to develop implementation strategies and
output measures and submit them to the Office of National Drug
Control Policy by November 1, 1989. DEA is currently fulfilling
its responsibilities in this area. Our implementation strategy

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and output measures will reflect the continuing role that we have always played in combatting both domestic and international drug trafficking and asset seizures.

Under the National Drug Control Strategy, agency activities will be coordinated through a Supply Reduction Working Group, chaired by the Office of National Drug Control Policy. DEA will continue to conduct drug control activities in cooperation with other federal as well as state, local, and private sector entities in the areas of enforcement, intelligence, diversion control, training, and forensic science.

The National Drug Control Strategy requests \$5.3 million and 15 positions for DEA to implement the Andean Strategy. This is in addition to DEA's 1990 budget request currently before Congress which will provide the agency with program enhancements of 334 positions (of which 164 are Special Agents) and \$68.7 million. DEA's 1990 budget contains four initiatives: to expand and formalize DEA's foreign drug suppression program -- 157 positions and \$22.8 million, to formalize a National Narcotics Intelligence System -- 97 positions and \$8.4 million, to immobilize major traffickers and their trafficking organizations by enhancing DEA's domestic operations in major trafficking areas -- 72 positions and \$15.7 million, and to expand DEA's support services in key areas of shortage -- 8 positions and \$21.9 million.

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Combining the National Drug Control Strategy and the DEA requests, DEA's funding level will total \$625 million for 1990 (this includes funding for the Organized Crime Enforcement Task Force Program, which will be returned to DEA on a reimbursable basis). This total represents nearly a 20 percent increase over funds directly appropriated in 1989.

I would now talk a little about the initiative for which additional funds are requested -- the Andean Strategy. The objective of the Andean Strategy is to reduce the amount of cocaine from the three Latin American source countries that are responsible for the vast majority of the world's supply. The plan calls for isolating major coca-growing areas, blocking delivery of chemicals used for cocaine processing, destroying cocaine hydrochloride (HCl) processing laboratories, and dismantling trafficking organizations.

This strategy is essential to the success of our nation's overall drug control program. The Andean Strategy enables us to disrupt the drug trade from cultivation to arrival in the United States, rather than merely confronting it on our streets.

As you are aware, Operation Snowcap is now fully operational in the coca source areas. It has the potential to curtail the supply of coca reaching the cartels for processing and shipment to the United States. Snowcap operations are conducted with law enforcement officials in the host country. DEA personnel act as

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advisors, and INM provides support and U.S. mission coordination with the host government. Other U.S. agencies also participate. The U.S. Coast Guard and the U.S. Border Patrol act as advisors for riverine and road operations. The Department of Defense provides training and logistical support.

The strategy is designed to extend to other Latin American countries a variety of interrelated aerial, waterway, and ground enforcement/reduction programs that were proven to be highly successful during late 1986 in coca reduction efforts under Operation Stop Prop/Blast Furnace in Bolivia.

The tremendous production capabilities and the critical need for effective drug law enforcement in the Andean region are reflected in Snowcap statistics. For example, in the first two years of the operation, there were 30 cocaine HCl laboratories destroyed in Bolivia and 83 cocaine base laboratories destroyed in Peru. Also, over 1.2 million gallons of chemicals were seized.

However, Operation Snowcap is not an exercise to accumulate impressive statistics; much more importantly, it is an operation to reinforce the resources, resolve, and confidence of source law enforcement agencies to attack cocaine at the narrowest point in the supply chain and to eliminate significant processing capabilities. Additionally, foreign police departments are now being encouraged and assisted by the respective DEA offices to

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pursue conspiracy type investigations against the owners and operators of these laboratories.

Another way DEA is targeting the cocaine producing countries of the Andean region is through our Special Enforcement Operations (SEO) Program. Under the umbrella of these long-term operations, hundreds of individual cases are being conducted, substantial amounts of drugs are being seized, and numerous individuals are being arrested. It should be pointed out that these SEO's do not end with a "round up"; rather, they are highly dynamic operations that continue and develop until a specific drug problem has been solved.

Operation Bolívar targets the Medellín Cartel. Bolívar involves 15 countries, 51 DEA offices, 201 investigations, and 80 informants. Operation Calico targets the Cali Cartel and involves ten countries, 56 DEA offices, 170 investigations, and 84 informants. The cadres of SEO informants supply information concerning cartel members operating at all levels in South America, Europe, and the United States. In foreign situations, DEA relies upon a close working relationship with the host country government to pursue drug law enforcement activities.

The success of these strategies is substantiated by arrest and seizure statistics generated by Operation Bolívar and Operation Calico. As of July 1989, SEO Bolívar has been responsible for the seizure of over 58,000 kilograms of cocaine

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HCl, almost 15,000 kilograms of cocaine base, and over 63,000 kilograms of coca leaves. Also seized were almost 900,000 gallons of precursor chemicals and \$23 million in U.S. currency. To date, 749 members and associates of the Medellin Cartel have been arrested.

At the beginning of this year, as a result of SEO Bolivar, 25 base and cocaine HCl laboratories were seized and destroyed in Colombia. The solvents confiscated from these laboratories would have manufactured approximately 88 metric tons of cocaine HCl. And, more recently, five major laboratory complexes were seized and destroyed in Colombia. Over 1,200 kilograms of cocaine HCl were confiscated as well as one-half million gallons of chemicals, enough to produce about 125 metric tons of cocaine HCl.

As of July 1989, SEO Calico has been responsible for the seizure of over 43,000 kilograms of cocaine HCl and over 1,300 kilograms of cocaine base. Also seized were \$58.7 million in U.S. currency and property valued at \$7.9 million. To date, 380 members and associates of the Cali Cartel have been arrested.

The arrests, seizures, and the destruction of processing facilities are believed to have had an impact on the cartels. Most importantly, Operations Bolivar and Calico have been responsible for the indictments against the cartel heads which will make it possible to bring these criminals to justice when

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they are apprehended and extradited.

Increasingly, we are also taking measures to strike at the heart of the cocaine cartels by confiscating their money and goods. For example, earlier this year, DEA, working with the Federal Bureau of Investigation, the Internal Revenue Service, the U.S. Customs Service, and elements of the Department of Justice, with the assistance of numerous state, local, and foreign law enforcement agencies, concluded what Attorney General Thornburgh termed "the largest money-laundering crackdown ever carried out by the federal government." Operation Polar Cap led to the destruction of a money-laundering enterprise called "La Mina" that handled \$1.2 billion in illicit drug profits belonging to the Medellin Cartel. "La Mina" spanned nine cities across the United States, as well as England and several countries in Latin America.

Operation Polar Cap resulted in the seizure of more than one ton of cocaine; the confiscation of \$92 million in cash, jewelry, and real estate; and the indictment of 127 individuals. One of those indicted, Eduardo Martinez Romero, was recently captured and extradited to the United States by Colombian authorities. He is charged with moving drug profits out of the United States through the use of almost instantaneous electronic transfers between bank accounts in this country and abroad.

We are attacking the Andean region cartels on another front

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